

Clann Credo Company Limited by Guarantee

Directors' Report and Financial Statements

For the financial year ended 31 December 2017

Registered number: 253147

# **Clann Credo Company Limited by Guarantee**

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# **Clann Credo Company Limited by Guarantee**

## **Directors and other information**

### **Directors**

Jerry Butler  
Gary Brennan  
Magdalen Fogarty  
Colin McCrea  
Emer Ní Bhrádaigh  
Grace Redmond  
Jim Rourke  
Paul Sullivan

### **Company secretary**

Paul O'Sullivan

### **Registered office**

Irish Social Finance Centre  
10 Grattan Crescent  
Inchicore  
Dublin 8  
D08 R240

### **Independent auditors**

Mazars  
Chartered Accountants & Statutory Audit Firm  
Block 3, Harcourt Centre  
Harcourt Road  
Dublin 2

### **Bankers**

Bank of Ireland  
177 Drimnagh Road  
Walkinstown  
Dublin 12

### **Solicitors**

Dillon Eustace  
33 Sir John Rogerson's Quay  
Dublin 2

### **Registered number**

253147

# **Clann Credo Company Limited by Guarantee**

## **Directors' report**

For the financial year ended 31 December 2017

The directors present their annual report and the audited financial statements for the financial year ended 31 December 2017.

### **Principal activities**

Clann Credo Company Limited by Guarantee ("Clann Credo") or ("the Company") was established to make a contribution to a sustained reduction of poverty and social disadvantage, the promotion of social inclusion and nurturing civil society organisations. It is a sustainable, alternative finance model serving communities and organisations that may have difficulty securing finance on reasonable terms from the mainstream financial institutions through:

- a) making socially directed investments solely for charitable and/or public purposes at rates of interest and other terms which are more favourable than those that are currently available commercially; and
- b) providing assistance with management development education.

The Company intends to pursue its principle objectives and become involved in any activities which will advance these objectives.

### **Business review**

2017 was a year which saw additional interest and developments in Clann Credo's pioneering work in advancing social investment in Ireland.

Additional marketing activity was undertaken during the year. Eight funding seminars were held in various locations around the country with over 250 people attending the events.

The Clann Credo Leader Loan Fund was launched in February 2017 by Heather Humphries, the then Minister for Culture, Heritage & the Gaeltacht at the Virginia Show Centre in Cavan with over 130 people attending. This dedicated €25 million Fund will enable projects to secure both bridging and term loans which will help them finance their projects which will be partly grant funded under the Rural Development Program 2014 -2020. This program is currently being rolled out across the country after a delayed start. Interest in the Fund to date has been positive.

During June 2017, Clann Credo hosted the 10<sup>th</sup> International Summer School in Social Banking in association with the Institute of Social Banking ('ISB') at the Trident Hotel in Kinsale Co. Cork. The ISB was founded in 2006 and fosters the development of social banking and alternative finance through a range of certified training, education & research programmes. This was the first occasion that the week-long event was held in Ireland and over 80 participants from 16 different countries attended.

The additional promotional activity appeared to be successful as over €19.7 million in new lending was approved in the year (212 projects) which was a 47% increase on the previous year. The figure in 2016 was up 38% on the €10.6 million approved in 2015. Overall approvals have risen by 85% for the two years.

The additional approvals led to increases in loan disbursements with €10.2 million disbursed in 2017 up from €5.8 million in 2016, an increase of over 70%. As a result, the loan book total has increased by just over 10% and stood at just under €20.5 million (2016: €18.6 million) at the year end.

The high level of approvals has been sustained into the first quarter of 2018.

# **Clann Credo Company Limited by Guarantee**

## **Directors' report *(continued)***

For the financial year ended 31 December 2017

### **Business review *(continued)***

#### **Cyber attack**

In December 2017, Clann Credo discovered that it was the victim of a cyber attack involving hacking of the email account of a staff member. The attack resulted in a loss to Clann Credo of €75,000 which includes the loss of funds and the professional costs associated with rectifying the situation. All customers were contacted with a 'Payment redirection fraud alert'. In addition, the data breach has been reported to the Data Protection Commissioner and the Charities Regulator has been informed. A Garda investigation is ongoing. We, as the directors of Clann Credo, are undertaking all the necessary steps to minimise the probability of such an event re-occurring.

#### **Results for the year**

The Company made a deficit for the financial year of €43,770 compared with a loss of €13,395 in 2016.

Income for the year was €1,004,056 as detailed on page 11 (2016: €972,236). The most significant element of this was SDI interest income which represents 87% of income at €877,990 and has increased by 10% from 2016 (€798,639). This is due to an increase in new loan activity and growth in the loan portfolio size as detailed above.

Legal and arrangement fee income increased by 4% to €63,402 from €60,706 in 2016.

Administrative expenses for the current year increased marginally by 3% from €843,784 to €867,072. This is primarily due to the costs associated with the cyber-attack (as detailed above) offset by a reduction in marketing costs due to one-off costs associated with the 20<sup>th</sup> anniversary celebrations of Clann Credo in the prior year.

Funding costs increased by 30% to €113,608 from €87,265 reflecting a similar increase in loans from the Social Finance Foundation with the balance increasing from €11.9 million to €15.3 million at the end of 2017.

Bad debt provisions totalling €67,146 (2016: €54,582) were charged to the statement of comprehensive income and retained earnings during the year.

SDI loans increased by over 10% from €18.6m at 31 December 2016 to €20.5 million at the end of 2017.

Overall, the repayment rates on the loan portfolio remain satisfactory and the level of provision for bad debt appears adequate to meet unforeseen loan losses. The level of provision for bad debt at €2.13 million (2016: €2.02 million) represents 16.6% (2016: 16%) of Clann Credo's net loan exposure.

At year end, the Company had an agreement with regards to a loan facility with the Social Finance Foundation of up to €20 m (2016: €20m). The facility is secured via an assignment over the sums due to the Company under any SDI loan agreement financed by the Social Finance Foundation. The balance outstanding on the loan at 31 December 2017 was €15.3 m (2016: €11.9m).

#### **Future developments**

The directors have no plans to change significantly the activities and operations of the Company in the foreseeable future.

#### **Investment in subsidiaries**

Details of the subsidiaries are shown in note 11 to the financial statements.

# **Clann Credo Company Limited by Guarantee**

## **Directors' report (continued)**

For the financial year ended 31 December 2017

### **Charitable status**

The Company was granted charitable tax exemption by the Revenue Commissioners on 4 August 1999 (CHY N0.13308) and is registered in the Register of Charities, maintained by the Charities Regulatory Authority: Registered Charity Number: 20041076.

### **Taxation**

The Company is not a close company as defined by Section 430 Taxes Consolidation Act 1997 and this position has not changed since the end of the financial year.

### **Directors and secretary**

Clann Credo Company Limited by Guarantee is a company limited by guarantee, therefore, it does not have any share capital. In the event of winding up the Company, the members agree to pay €6.35 each towards the debt of the Company.

The directors and secretary who served during the financial year were:

Jerry Butler  
Gary Brennan  
Tom Finlay (resigned on 25 July 2017)  
Magdalen Fogarty  
Colin McCrea  
Emer Ní Bhrádaigh  
Grace Redmond  
Jim Rourke  
Paul Sullivan

Paul O' Sullivan (company secretary)

Magdalen Fogarty and Paul Sullivan retire by rotation at the annual general meeting and are eligible to offer themselves for re-election.

### **Principal risks and uncertainties**

The directors consider that the principal risks and uncertainties faced by the Company are in the following categories:

#### **1) Currency risk**

The Company operates principally in the Republic of Ireland, and therefore is not normally subject to currency risks.

#### **2) Interest rate risk**

The Company's objective in relation to interest rate management is to minimise the impact of interest rate volatility on its income in order to meet its operational overheads and to protect the level of funding available for subsequent investment in Socially Directed Investment ('SDI') projects. The Company does not consider the exposure to interest rate fluctuations to be of significant magnitude to warrant the use of derivative financial instruments.

# **Clann Credo Company Limited by Guarantee**

## **Directors' report *(continued)***

For the financial year ended 31 December 2017

### **Principal risks and uncertainties *(continued)***

#### **3) Liquidity and cashflow risk**

In terms of liquidity and cashflow risk, the Company's objective is to maintain a balance between the availability of and diverse sources of finance. The Company's policy is to ensure that sufficient resources are available either from cash balances, cashflows and loans from the Social Finance Foundation to ensure all obligations can be met when they fall due and to ensure sufficient resources are available for further investments in potential SDI projects.

#### **4) General economic conditions**

The Company's income is exposed to changes in general economic conditions in Ireland. The Company has considered the risks prevalent and is in a position to change the emphasis of their income in response to changes in economic conditions. The directors are satisfied that based upon Clann Credo's level of exposure in its loan book, the level of provision for bad debt at 16.6% (2016: 16.0%) of Clann Credo's net exposure appears to be adequate to meet potential loan losses. At the end of 2017, this figure stands at €2.12 million.

### **Accounting records**

The measures taken by the directors to ensure compliance with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records, are the employment of appropriately qualified accounting personnel and the maintenance of computerised accounting systems. The Company's accounting records are maintained at the Company's registered office at Irish Social Finance Centre, 10 Grattan Crescent, Inchicore, Dublin 8.

### **Events since the end of the year**

There have been no significant events affecting the Company since the year end requiring disclosure in the financial statements.

### **Compliance with SORP for Charities**

The financial statements have been prepared in accordance with Irish Generally Accepted Accounting Practice including Financial Reporting Standard 102 ('FRS 102') and in compliance with the Companies Act 2014. They have not been prepared in accordance with Statement of Recommended Practice ('SORP') for Charities because in the view of the directors, the format, structure and presentation of the financial reporting requirements under SORP would not best represent the nature of the Company's operations.

### **Going concern**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

### **Political donations**

The Company made no political donations during the year (2016: nil).

# Clann Credo Company Limited by Guarantee

## Directors' report (*continued*)

For the financial year ended 31 December 2017

### Statement on relevant audit information

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that so far as each of the directors is aware:

- there is no relevant audit information of which the Company's auditors are unaware, and
- the directors have taken all the steps that ought to have been taken as directors in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Auditors

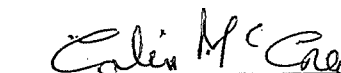
The auditors, Grant Thornton, Chartered Accountants, resigned from the office of auditor on 13 September 2017 pursuant to section 400(4) of the Companies Act 2014. In accordance with Section 383(2) of the Companies Act 2014, the auditors, Mazars, Chartered Accountants, were appointed as auditors of the Company.

This report was approved by the board and signed on its behalf by:



**Jim Rourke**

**Director**



**Colin McCrea**

**Director**

**Date: 26 June 2018**



# Clann Credo Company Limited by Guarantee

## Directors' responsibilities statement

For the financial year ended 31 December 2017

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable Irish law and regulations.

Irish company law requires the directors to prepare the financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2014.

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial year end date, of the profit or loss of the Company for that financial year and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

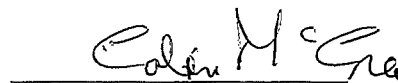
The directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board:



**Jim Rourke**

**Director**



**Colin McCrea**

**Director**

**Date: 26 June 2018**

# **Clann Credo Company Limited by Guarantee**

## **Independent auditors' report to the members of Clann Credo Company Limited by Guarantee**

### **Report on the audit of the financial statements**

#### ***Opinion***

We have audited the financial statements of Clann Credo Company Limited by Guarantee ('the Company') for the year ended 31 December 2017, which comprise the statement of comprehensive income and retained earnings, the balance sheet, the statement of cashflows and the related notes to the financial statements, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish Law and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

#### ***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority ('IAASA'), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Conclusions relating to going concern***

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### ***Other information***

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Independent auditors' report to the members of Clann Credo Company Limited by Guarantee**

### **Report on the audit of the financial statements**

#### ***Opinion***

We have audited the financial statements of Clann Credo Company Limited by Guarantee ('the Company') for the year ended 31 December 2017, which comprise the statement of comprehensive income and retained earnings, the balance sheet, the statement of cashflows and the related notes to the financial statements, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish Law and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

#### ***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority ('IAASA'), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Conclusions relating to going concern***

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



## **Independent auditors' report to the members of Clann Credo Company Limited by Guarantee (continued)**

### ***Other information***

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### ***Opinions on other matters prescribed by the Companies Act 2014***

Based solely on the work undertaken in the course of the audit, we report that:

- in our opinion, the information given in the directors' report is consistent with the financial statements; and
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit. In our opinion, the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited and financial statements are in agreement with the accounting records.

### ***Matters on which we are required to report by exception***

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report. The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made.

We have nothing to report in this regard.

### ***Respective responsibilities***

#### ***Responsibilities of directors for the financial statements***

As explained more fully in the directors' responsibilities statement set on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.



**Independent auditors' report to the members of  
Clann Credo Company Limited by Guarantee (continued)**

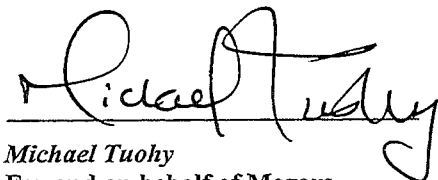
***Auditors' responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: [http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf). This description forms part of our auditors' report.

**The purpose of our audit work and to whom we owe our responsibilities**

Our report is made solely to the company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

  
**Michael Tuohy**  
For and on behalf of Mazars

**Chartered Accountants & Statutory Audit Firm  
Block 3, Harcourt Centre  
Harcourt Road  
Dublin 2**

**Date: 26 June 2018**





# Clann Credo Company Limited by Guarantee

## Statement of comprehensive income and retained earnings

For the financial year ended 31 December 2017

	Note	2017 €	2016 €
Incoming resources	4	1,004,056	972,236
Administrative expenses		<u>(867,072)</u>	<u>(843,784)</u>
<b>Operating surplus</b>	5	136,984	128,452
Increase in provision on SDI loans	8	(67,146)	(54,582)
Interest payable and similar charges	9	<u>(113,608)</u>	<u>(87,265)</u>
<b>Deficit for the financial year</b>		<u><u>(43,770)</u></u>	<u><u>(13,395)</u></u>
Retained earnings at the beginning of the financial year		114,055	127,450
Deficit for the financial year		<u>(43,770)</u>	<u>(13,395)</u>
<b>Retained earnings at the end of the financial year</b>		<u><u>70,285</u></u>	<u><u>114,055</u></u>

All amounts relate to continuing operations.

There was no other comprehensive income for 2017 (2016: €Nil).

The notes on pages 14 to 28 form part of these financial statements.

# Clann Credo Company Limited by Guarantee

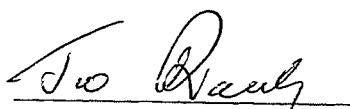
## Balance sheet

As at 31 December 2017

	Note	2017 €	2017 €	2016 €	2016 €
<b>Fixed assets</b>					
Tangible assets	10		8,175		10,220
Financial assets	11		<u>30,191</u>		<u>30,191</u>
			<b>38,366</b>		<b>40,411</b>
<b>Current assets</b>					
Debtors: amounts falling due within one year	12	5,175,531		4,803,641	
Debtors: amounts falling due after more than one year	12	15,535,381		14,043,489	
SDI loan provision		(2,127,464)		(2,018,950)	
Cash at bank	13	<u>8,562,729</u>		<u>6,973,912</u>	
		<b>27,146,177</b>		<b>23,802,092</b>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	14	<u>7,078,316</u>		<u>6,377,415</u>	
<b>Net current assets</b>			<u><b>20,067,861</b></u>		<u><b>17,424,677</b></u>
<b>Non-current liabilities</b>					
Creditors: amounts falling due after more than one year	15		<u>20,035,942</u>		<u>17,351,033</u>
<b>Total net assets</b>			<u><b>70,285</b></u>		<u><b>114,055</b></u>
<b>Capital and reserves</b>					
Profit and loss account	18		<u><b>70,285</b></u>		<u><b>114,055</b></u>

The notes on pages 14 to 28 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors:.....



Jim Rourke

Director



Colin McCrea

Director

Date: 26 June 2018

# Clann Credo Company Limited by Guarantee

## Statement of cashflows

For the financial year ended 31 December 2017

	2017 €	2016 €
<b>Cashflows from operating activities</b>		
Deficit for the financial year	(43,770)	(13,395)
<b>Adjustments for:</b>		
Depreciation of tangible assets	6,140	10,314
Interest paid	113,608	87,265
Increase in provision on SDI loans	67,146	54,582
Decrease/(increase) in debtors	23,964	(21,527)
Increase/(decrease) in creditors	21,920	(96,528)
(Decrease)/increase in amounts owed from the Clann Credo Fund	(13,181)	(3,034)
<b>Net cash generated from operating activities</b>	<u>175,827</u>	<u>17,677</u>
<b>Cashflows from investing activities</b>		
Purchase of tangible fixed assets	(4,095)	(415)
Interest paid	(113,608)	(87,265)
Increase in provision on SDI loans	(67,146)	(54,582)
(Increase) in SDI loans	(1,779,232)	(736,516)
<b>Net cash from investing activities</b>	<u>(1,964,081)</u>	<u>(878,778)</u>
<b>Cashflows from financing activities</b>		
New long term loans	8,705,064	5,556,218
Capital repayments	(5,327,993)	(3,954,770)
Capital fees and levies	-	(15,000)
<b>Net cash received in financing activities</b>	<u>3,377,071</u>	<u>1,586,448</u>
<b>Net increase in cash and cash equivalents</b>	1,588,817	725,347
Cash and cash equivalents at beginning of financial year	<u>6,973,912</u>	<u>6,248,565</u>
<b>Cash and cash equivalents at the end of financial year</b>	<u><u>8,562,729</u></u>	<u><u>6,973,912</u></u>
<b>Cash and cash equivalents at the end of financial year comprise:</b>		
Cash at bank	<u>8,562,729</u>	<u>6,973,912</u>
	<u><u>8,562,729</u></u>	<u><u>6,973,912</u></u>

# Clann Credo Company Limited by Guarantee

## Notes to the financial statements

For the financial year ended 31 December 2017

### 1. General information

Clann Credo is a company limited by guarantee with a registered address at Irish Social Finance Centre, 10 Grattan Crescent, Inchicore, Dublin 8, D08 R240. The nature of the Company's operations and its principal activities are set out in the Directors' report on pages 2.

The financial statements are presented in Euro (€) which is also the Company's functional currency, in whole number values rounded to the nearest Euro.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis in accordance with Financial Reporting Standard 102 ('FRS 102'), the Financial Reporting Standard applicable in the UK and the Republic of Ireland and Irish statute comprising of the Companies Act 2014. The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements:

#### 2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates and value added tax. The following criteria must also be met before revenue is recognised:

##### *Rendering of services*

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract, when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

##### *Interest income*

Interest income relates to interest on SDI loans. The company accounts for income on these loans on a cash receipts basis and it is recorded within the statement of comprehensive income and retained earnings in incoming resources. This is considered the most prudent method of measuring interest income.

#### 2.3 Grants

Income grants are recognised in income over the period in which the related expenditure is recognised.

# Clann Credo Company Limited by Guarantee

## Notes to the financial statements

For the financial year ended 31 December 2017

### 2. Accounting policies (*continued*)

#### 2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Fixtures and fittings: 5 years  
Office equipment: 2-5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income and retained earnings.

#### 2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the statement of comprehensive income and retained earnings for the year. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

#### 2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### 2.7 Cash and cash equivalents

Cash is represented by cash and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cashflows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

# Clann Credo Company Limited by Guarantee

## Notes to the financial statements

For the financial year ended 31 December 2017

### 2. Accounting policies (*continued*)

#### 2.8 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cashflows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cashflow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income and retained earnings. For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cashflows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### 2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### 2.10 Finance costs

Finance costs are charged to the statement of comprehensive income and retained earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

# **Clann Credo Company Limited by Guarantee**

## **Notes to the financial statements**

For the financial year ended 31 December 2017

### **2. Accounting policies (*continued*)**

#### **2.11 Operating leases: The Company as lessee**

Rentals paid under operating leases are charged to the statement of comprehensive income and retained earnings on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

#### **2.12 Pensions**

##### **Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense in the statement of comprehensive income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

#### **2.13 Borrowing costs**

All borrowing costs are recognised in the statement of comprehensive income and retained earnings in the financial year in which they are incurred.

#### **2.14 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the statement of comprehensive income and retained earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

# Clann Credo Company Limited by Guarantee

## Notes to the financial statements

For the financial year ended 31 December 2017

### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

When preparing financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

#### 3.1 Critical management judgements in applying accounting policies

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

##### *Impairment of receivables*

Adequate amount of allowance is made and provided for specific and groups of accounts where objective evidence of impairment exists. The Company evaluates these accounts based on available facts and circumstances affecting the collectability of the accounts, including, but not limited to, the length of the Company's relationship with its contracting parties, contracting parties' current credit status, average age of accounts, settlement experience and historical loss experience.

#### 3.2 Key sources of estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

##### *Estimating useful lives of depreciable assets*

The Company estimates the useful lives of tangible fixed assets based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of tangible fixed assets is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

### 4. Incoming resources

	2017	2016
	€	€
SDI interest	877,990	798,639
Bank interest	18,973	22,432
Capital fees	-	15,000
Legal and arrangement fees	63,402	60,706
Other income	33,510	73,458
Conference income	-	967
Equalisation income	10,181	1,034
	<u>1,004,056</u>	<u>972,236</u>



# Clann Credo Company Limited by Guarantee

## Notes to the financial statements

For the financial year ended 31 December 2017

### 5. Operating surplus on ordinary activities

The operating surplus is stated after charging:

	2017	2016
	€	€
Depreciation of tangible fixed assets	6,140	10,314
Defined contribution pension cost	41,125	49,170
Rent - operating leases	22,500	22,500
Board costs	10,519	13,741
Audit fees (inclusive of VAT)	12,300	11,850
Cyber attack costs*	75,000	-
	<u>167,584</u>	<u>107,575</u>

\*In December 2017, Clann Credo discovered that it was the victim of a cyber attack involving hacking of the email account of a staff member. The attack resulted in a loss to Clann Credo of €75,000 which includes the loss of funds and the professional costs associated with rectifying the situation.

The directors are undertaking all the necessary steps to minimise the probability of such an event re-occurring.

### 6. Employees

Staff costs were as follows:

	2017	2016
	€	€
Wages and salaries	468,013	464,992
Social insurance costs	48,727	51,178
Cost of defined contribution scheme	41,125	49,170
Other staff benefits	11,331	11,908
	<u>569,196</u>	<u>577,248</u>

The Company's directors did not receive any remuneration in respect of qualifying services in the current year (2016: €NIL).

The average monthly number of employees, excluding the directors, during the financial year was as follows:

	2017	2016
	No.	No.
Staff members	<u>8</u>	<u>8</u>

### 7. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to €41,125 (2016: €49,170).

# Clann Credo Company Limited by Guarantee

## Notes to the financial statements

For the financial year ended 31 December 2017

### 8. Provision on Socially Directed Investments ('SDI') loans

	2017	2016
	€	€
Increase in provision on SDI loans	<u>67,146</u>	<u>54,582</u>
	<u>67,146</u>	<u>54,582</u>

### 9. Interest payable and similar charges

	2017	2016
	€	€
Interest payable and similar charges	<u>113,608</u>	<u>87,265</u>
	<u>113,608</u>	<u>87,265</u>

### 10. Tangible fixed assets

#### *Current financial year:*

	Fixtures and fittings €	Office equipment €	Total €
<b>Cost or valuation</b>			
At 1 January 2017	11,433	31,478	42,911
Additions	<u>-</u>	<u>4,095</u>	<u>4,095</u>
At 31 December 2017	<u>11,433</u>	<u>35,573</u>	<u>47,006</u>
<b>Depreciation</b>			
At 1 January 2017	3,899	28,792	32,691
Charge for the financial year	<u>2,286</u>	<u>3,854</u>	<u>6,140</u>
At 31 December 2017	<u>6,185</u>	<u>32,646</u>	<u>38,831</u>
<b>Net book value</b>			
At 31 December 2017	<u>5,248</u>	<u>2,927</u>	<u>8,175</u>
At 1 January 2017	<u>7,534</u>	<u>2,686</u>	<u>10,220</u>

# Clann Credo Company Limited by Guarantee

## Notes to the financial statements

For the financial year ended 31 December 2017

### 10. Tangible fixed assets (*continued*)

*Prior financial year:*

	Fixtures and fittings €	Office equipment €	Total €
<b>Cost or valuation</b>			
At 1 January 2016	11,018	31,478	42,496
Additions	<u>415</u>	<u>-</u>	<u>415</u>
At 31 December 2016	<u>11,433</u>	<u>31,478</u>	<u>42,911</u>
<b>Depreciation</b>			
At 1 January 2016	1,653	20,724	22,377
Charge for the financial year	<u>2,246</u>	<u>8,068</u>	<u>10,314</u>
At 31 December 2016	<u>3,899</u>	<u>28,792</u>	<u>32,691</u>
<b>Net book value</b>			
At 31 December 2016	<u><u>7,534</u></u>	<u><u>2,686</u></u>	<u><u>10,220</u></u>
At 1 January 2016	<u><u>9,365</u></u>	<u><u>10,754</u></u>	<u><u>20,119</u></u>

# Clann Credo Company Limited by Guarantee

## Notes to the financial statements

For the financial year ended 31 December 2017

### 11. Financial assets

#### *Current financial year:*

Cost or valuation	Investments in subsidiary companies €	Unlisted investments €	Total €
At 1 January 2017	<u>1</u>	<u>30,190</u>	<u>30,191</u>
At 31 December 2017	<u>1</u>	<u>30,190</u>	<u>30,191</u>
<b>Net book value</b>			
At 31 December 2017	<u>1</u>	<u>30,190</u>	<u>30,191</u>
At 1 January 2017	<u>1</u>	<u>30,190</u>	<u>30,191</u>

#### *Prior financial year:*

Cost or valuation	Investments in subsidiary companies €	Unlisted investments €	Total €
At 1 January 2016	<u>1</u>	<u>30,190</u>	<u>30,191</u>
At 31 December 2016	<u>1</u>	<u>30,190</u>	<u>30,191</u>
<b>Net book value</b>			
At 31 December 2016	<u>1</u>	<u>30,190</u>	<u>30,191</u>
At 1 January 2016	<u>1</u>	<u>30,190</u>	<u>30,191</u>

	Details of investment	Cost €
Homelessness Interventions Limited	100% of share capital	1
Merkur Development Loans Ltd	220 ordinary shares of 1,000 DKK each	30,190

The investment in Homelessness Interventions Limited represents 100% in that company's share capital. Homelessness Interventions Limited was set up to support a government initiative, Social Impact Investments, and is registered in the Republic of Ireland.

Merkur Development Loans Ltd is incorporated in Denmark. The Company is not listed on a recognised stock exchange. Merkur Development Loans Ltd was set up with the principle activity of lending to small businesses and cooperatives in developing countries.

# Clann Credo Company Limited by Guarantee

## Notes to the financial statements

For the financial year ended 31 December 2017

### 12. Debtors

	2017	2016
	€	€
<b>Due after more than one year</b>		
SDI loans	15,335,381	13,830,989
Prepayments and accrued income	<u>200,000</u>	<u>212,500</u>
	<u><b>15,535,381</b></u>	<u><b>14,043,489</b></u>
	2017	2016
	€	€
<b>Due within one year</b>		
SDI loans	5,131,308	4,747,954
Prepayments and accrued income	<u>44,223</u>	<u>55,687</u>
	<u><b>5,175,531</b></u>	<u><b>4,803,641</b></u>
<b>SDI loans</b>		
	2017	2016
	€	€
Loans outstanding at the beginning of the year	18,578,943	18,458,096
Loans advanced	10,270,473	5,856,216
Loan repayments	(8,648,147)	(5,324,983)
Other items	<u>265,420</u>	<u>(410,386)</u>
<b>Loans outstanding at the end of the year</b>	<u><b>20,466,689</b></u>	<u><b>18,578,943</b></u>

# Clann Credo Company Limited by Guarantee

## Notes to the financial statements

For the financial year ended 31 December 2017

### 12. Debtors (*continued*)

#### Maturity analysis:

	2017 €	2016 €
Amounts due in less than one year	5,131,308	4,747,954
Amounts due between one and two years	2,765,146	2,119,669
Amounts due between two and five years	5,151,459	5,148,607
Amounts due after five years	7,418,776	6,562,713
	<u>20,466,689</u>	<u>18,578,943</u>

#### Provision against financial assets

	2017 €	2016 €
Opening balance	2,018,950	2,634,619
Specific provision charged in the year	67,146	54,582
Other adjustments / (write offs)	41,368	(670,251)
Closing balance	<u>2,127,464</u>	<u>2,018,950</u>

### 13. Cash and cash equivalents

	2017 €	2016 €
Cash at bank	8,516,467	6,927,650
SDI — cash held at Credit Union	46,262	46,262
	<u>8,562,729</u>	<u>6,973,912</u>

# Clann Credo Company Limited by Guarantee

## Notes to the financial statements

For the financial year ended 31 December 2017

### 14. Creditors: Amounts falling due within one year

	2017 €	2016 €
Other loans (See note 15)	4,377,126	3,684,964
Amounts owed to The Clann Credo Fund	2,406,675	2,419,856
Taxation and social insurance	14,982	14,711
Accruals	174,065	152,416
Deferred income	105,468	105,468
	<u>7,078,316</u>	<u>6,377,415</u>

Amounts owed to The Clann Credo Fund are unsecured, interest free and are repayable on demand.

Trade and other creditors, including accruals are payable at various dates over the coming months in accordance with the suppliers' usual and customary credit terms.

Taxes including social insurance are repayable at various dates in accordance with the applicable statutory provisions.

### 15. Creditors: amounts falling due after more than one year

	2017 €	2016 €
Other loans	<u>20,035,942</u>	<u>17,351,033</u>
	<u>20,035,942</u>	<u>17,351,033</u>

	2017 €	2016 €
<b>Analysis of loans less than and greater than one year</b>		
Balance at the start of the year	21,035,997	19,449,549
Non - bank loans drawn down during the year	8,705,064	5,556,218
Capital repayments of loans during the year	(5,270,025)	(3,949,558)
Capital fees (a)	-	(15,000)
Levy (b)	-	-
Loan write offs/ adjustments (d)	(57,968)	(5,212)
	<u>24,413,068</u>	<u>21,035,997</u>

- (a) Under the terms of loan agreements with the Religious Charities, Clann Credo Company Limited by Guarantee may charge up to 5% of monies initially loaned to it as a contribution towards its administrative and operating expenses.

# Clann Credo Company Limited by Guarantee

## Notes to the financial statements

For the financial year ended 31 December 2017

### 15. Creditors: amounts falling due after more than one year (*continued*)

- (b) Under loan agreements with the Religious Charities, Clann Credo may charge up to 2% annually of the aggregate value of monies loaned to it as a contribution towards its operating expenses. The current year contribution represents a 0% charge (2016: 0%).
- (c) The borrowings from the Social Finance Foundation amounting to €15,258,477 (2016: €11,883,021) are secured via an assignment over the sums due to the Company under any SDI loan agreement whereby the said loan was financed by the Social Finance Foundation. These borrowings are not subject to the charges as outlined in (a) & (b) above.
- (d) Under the terms of the loan agreement with the Social Finance Foundation, 50% of the loss incurred by Clann Credo on SDI Investments funded by Social Finance Foundation is borne by Social Finance Foundation.

### 16. Financial commitments

Analysis of the maturity of other loans as set out within notes 14 and 15 is given below:

	2017 €	2016 €
Amounts falling due in less than one year	4,377,126	3,684,964
Amounts falling due 1-2 years	2,350,832	1,644,393
Amounts falling due 2-5 years	4,061,426	3,589,752
Amounts falling due after more than 5 years	<u>13,623,684</u>	<u>12,116,888</u>
	<u>24,413,068</u>	<u>21,035,997</u>

### 17. Financial instruments

	2017 €	2016 €
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<u>26,932,146</u>	<u>23,564,095</u>
	<u>26,932,146</u>	<u>23,564,095</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost:	<u>(26,993,808)</u>	<u>(23,608,269)</u>
	<u>(26,993,808)</u>	<u>(23,608,269)</u>

Financial assets measured at amortised cost comprise Socially Directed Investment (SDI) loans and cash in bank.

Financial Liabilities measured at amortised cost comprise other loans, accruals and amounts owed to Clann Credo Fund.



# Clann Credo Company Limited by Guarantee

## Notes to the financial statements

For the financial year ended 31 December 2017

### 18. Reserves

#### Profit and loss account

The Profit and loss account includes all current and prior year retained surpluses and deficits.

### 19. Company status

The Company is limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding €6.35 each towards the assets of the Company in the event of liquidation.

### 20. Capital commitments

At 31 December 2017 the Company had capital commitments as follows:

	2017 €	2016 €
Loans contracted for but not drawn down / provided for in these financial statements	<u>14,675,313</u>	<u>10,203,789</u>
	<u>14,675,313</u>	<u>10,203,789</u>

### 21. Commitments under operating leases

	2017 €	2016 €
<b>Future minimum lease payments</b>		
Not later than 1 year	10,000	10,000
Later than 1 year and not later than 5 years	40,000	40,000
Later than 5 years	<u>120,000</u>	<u>130,000</u>
	<u>170,000</u>	<u>180,000</u>

# **Clann Credo Company Limited by Guarantee**

## **Notes to the financial statements**

For the financial year ended 31 December 2017

### **22. Related party transactions**

During the year, the Company had transactions with the following related parties:

The Company was charged licence fees and related services of €22,500 (2016: €22,500) by The Irish Social Finance Centre Company Limited by Guarantee ('ISFC'). There is a balance included in prepayments of €212,500 (2016: €225,000), which has arisen as a result of prepaid rent to ISFC. There are also loans included in SDI loans (note 12) to ISFC of €657,222 (2016: €690,779). Interest charged amounted to €20,848 (2016: €21,710).

Jerry Butler, Magdalen Fogarty and Emer Ní Bhrádaigh are directors, who act in a voluntary capacity and for no remuneration, of ISFC. It has been granted charitable tax exemption by the Revenue Commissioners (CHY 13119), and its principal activity is to develop resources and networks for and among individuals and organisations that are involved in social investing and in activities constituting the 'Social Economy', thus making a contribution to a sustained reduction of poverty and social disadvantage, promotion of social inclusion and nurturing civil society organisations.

The Company paid expenses of €3,000 (2016: €2,000) on behalf of The Clann Credo Fund and an equalisation credit of €10,181 (2016: €1,037) was charged to The Clann Credo Fund during the year. A balance of €2,406,675 (2016: €2,419,856) is included in creditors at the year end. The Clann Credo Fund is a body, the purpose of which is one and the same as that of Clann Credo Company Limited by Guarantee, namely to act as an agent of positive social change through investing in projects which have a social, economic and community benefit.

### **23. Events since the end of the year**

There have been no significant events affecting the Company since the year end requiring disclosure in the financial statements.

### **24. Approval of financial statements**

The board of directors approved these financial statements for issue on 26 June 2018.